



Overview of Organization and Responsibilities of the

Federal Inspector General Community and the Federal Deposit Insurance Corporation Office of Inspector General

Briefing for Officials from Jamaica
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FDIC Inspector General
and PCIE Vice Chair

Overview



- ★ Federal Inspector General Community
- ★ Federal Deposit Insurance Corporation (FDIC)
- ★ FDIC Office of Inspector General
- ★ Questions and Web Sites

Federal Inspector General Community

★ History and Size

- ◆ First Inspector General (IG) established in 1976 to test concept
- ◆ IG Act of 1978 established 12 OIGs
- ◆ IG Act Amendments of 1988 established additional OIGs
- ◆ Currently 57 IGs
- ◆ Approximately 11,000 auditors, evaluators, investigators, and other staff
- ◆ FY 2003 budgets total \$1.9 Billion



Federal Inspector General Community

★ Responsibilities Under the IG Act

- ◆ Conduct and supervise independent and objective audits, investigations, and inspections
- ◆ Prevent and detect waste, fraud, and abuse
- ◆ Promote economy, efficiency, and effectiveness
- ◆ Review pending legislation and regulations
- ◆ Keep agency head and the Congress fully and currently informed



Federal Inspector General Community

★ Appointment and Removal

- ◆ President appoints IGs at cabinet-level departments and major agencies (29 IGs)
- ◆ IGs are appointed without regard to political affiliation
- ◆ Appointment based on integrity and ability in:
 - accounting, auditing, financial analysis
 - law, management analysis, public administration
 - investigations



Federal Inspector General Community

★ Appointment and Removal (cont.)

- ◆ Senate confirmation required of
Presidentially appointed IGs
- ◆ Presidentialy appointed IGs can only be
removed by the President
- ◆ Agency heads appoint and remove IGs at
designated federal entities and
corporations (28 IGs)
- ◆ The Senate and House of Representatives
must be notified if an IG is removed



Federal Inspector General Community

★ Independence and Oversight

- ◆ IGs are authorized to:
 - ▶ have direct access to all records and information of the agency
 - ▶ have ready access to the agency head
 - ▶ conduct investigations and issue reports as appropriate
 - ▶ issue subpoenas for information and documents outside the agency
 - ▶ administer oaths for testimony
 - ▶ hire and control their own staff and contract resources



Federal Inspector General Community

★ Independence and Oversight (cont.)

- ◆ IGs serve under “general supervision” of the agency head
- ◆ IGs have dual reporting responsibility to the agency head and to the Congress
- ◆ Allegations of misconduct against an IG are referred to the Integrity Committee
- ◆ OIGs headed by Presidentially appointed IGs must have a separate appropriations account



Federal Inspector General Community

★ Reporting

- ◆ Audit, investigation, and evaluation reports are prepared in accordance with professional standards
- ◆ Semiannual reports are issued to the Congress
- ◆ 7-day letters are used to report egregious and flagrant problems and abuses to the agency head, and thereafter to the Congress within 7 days



Federal Inspector General Community

★ Reporting (cont.)

- ◆ Unreasonable refusal to provide information to the OIG within the agency is reported to the agency head and the Congress
- ◆ Suspected violations of federal criminal law are reported to the Attorney General
- ◆ Strategic and annual performance plans are issued/provided to show OIG's performance as part of the Government Performance and Results Act (GPRA)



Federal Inspector General Community

★ Drivers of IG Activity

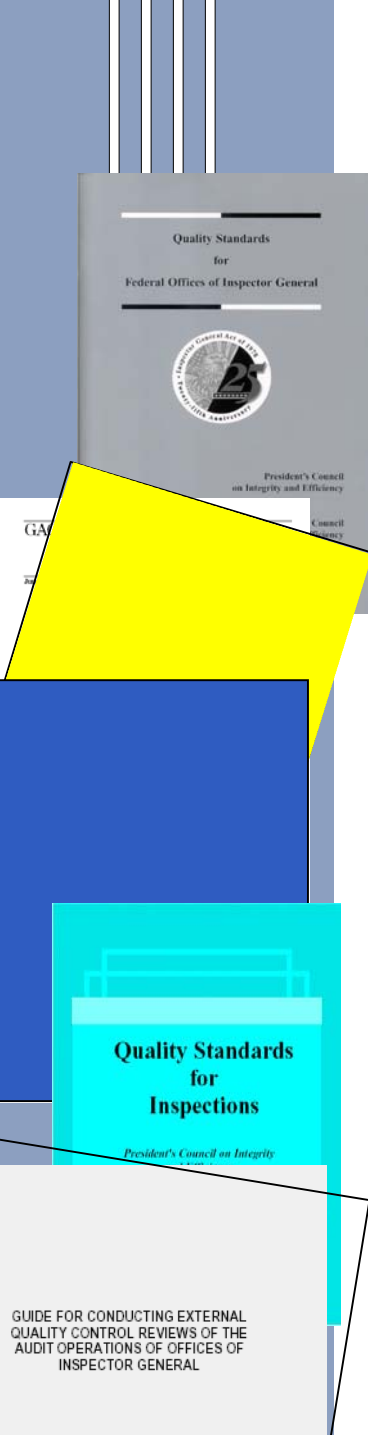
- ◆ Congressional Mandates
- ◆ Requests from Congress
- ◆ Presidential Priorities
- ◆ Internal Planning
- ◆ Agency Crises



Federal Inspector General Community

★ Standards Governing IG Activity (on IGnet)

- ◆ Quality Standards for Federal OIGs (Silver Book)
- ◆ Government Auditing Standards (Yellow Book)
- ◆ Quality Standards for Investigations
- ◆ Quality Standards for Inspections
- ◆ Guides for Conducting External Quality Control Reviews (peer reviews of audit and investigation operations)



Federal Inspector General Community

- ★ President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency (ECIE)
 - ◆ Established by Executive Orders in 1981 and 1992, respectively
 - ◆ Coordinate and enhance governmental efforts to promote integrity and efficiency
 - ◆ Promote efforts to detect and prevent fraud, waste, and abuse in federal programs
 - ◆ Increase the professionalism and effectiveness of Federal IG personnel



Federal Inspector General Community

★ PCIE/ECIE Membership includes:

- ◆ Presidentially appointed Inspectors General for PCIE members
- ◆ Agency Head appointed Inspectors General for ECIE members
- ◆ Office of Management and Budget (OMB)
- ◆ Office of Government Ethics (OGE)
- ◆ Office of Special Counsel (OSC)
- ◆ Federal Bureau of Investigation (FBI)
- ◆ Office of Personnel Management (OPM)



Federal Inspector General Community

★ PCIE and ECIE Organization

- ◆ Chair is OMB's Deputy Director for Management
- ◆ Vice Chair appointed from member IGs
- ◆ Six standing committees and members
 - Audit Committee
 - Human Resources Committee
 - Inspection and Evaluation Committee
 - Integrity Committee
 - Investigations Committee
 - Legislation Committee



Federal Inspector General Community

★ Integrity Committee

- ◆ Formally established by Executive Order 12993 on March 21, 1996
- ◆ Allegations against IGs and senior staff are appropriately and expeditiously resolved
- ◆ Chaired by the Federal Bureau of Investigation
- ◆ Members include OSC, OGE, and IGs appointed by the PCIE & ECIE Chair
- ◆ Processed and closed over 300 cases since 1990



Federal Inspector General Community

- ★ Relationships with Federal Oversight or Other Coordinating Organizations
 - ◆ OGE
 - ◆ OSC
 - ◆ Chief Financial Officer Council
 - ◆ Chief Information Officer Council
 - ◆ Federal Acquisitions Council
 - ◆ Federal, State, and Local Law Enforcement Organizations
 - ◆ National and International Audit Organizations (such as: General Accounting Office, Association of Inspectors General, Institute of Internal Auditors, International Organization of Supreme Audit Institutions)



Federal Inspector General Community

★ Council Relationships with Ethics Community

- ◆ Assists with coordination of crosscutting, government-wide activities that may involve the ethics community
- ◆ Facilitates the sharing of information between the IGs and ethics community
- ◆ Integrity Committee deals with various internal matters such as conflicts of interest within the IG community



Federal Inspector General Community

★ Strategic Framework Goals

- ◆ **Goal 1.** Improve Federal Programs and Operations
- ◆ **Goal 2.** Communicate Reliable and Timely Information
- ◆ **Goal 3.** Advocate and Implement Human Resource Programs
- ◆ **Goal 4.** Foster and Advance Professional Image and Effectiveness

Federal Inspector General Community

★ Significant Initiatives

- ◆ Government-wide Challenges
- ◆ Financial Statements Audits
- ◆ Information Security and Privacy
- ◆ Critical Infrastructure Protection
- ◆ Performance Management
- ◆ Fraud, Waste and Abuse Activities -- for example:
 - ▶ Erroneous or Improper Payments
 - ▶ Procurement and Travel Card Abuse
 - ▶ Misconduct in Research
 - ▶ Procurement



Federal Inspector General Community

★ Fiscal Year 2003 Statistical Highlights

- ◆ Potential savings of nearly \$17 billion
- ◆ Nearly 4,000 successful prosecutions
- ◆ Suspensions or debarments of over 7,500 individuals or businesses
- ◆ Over 2,600 civil or personnel actions
- ◆ More than 6,700 Indictments and Criminal Informations
- ◆ Nearly 200,000 complaints processed
- ◆ Over 4,600 audit/evaluation reports issued
- ◆ More than 80 testimonies before Congress



Federal Deposit Insurance Corporation

★ History and Purpose

- ◆ Government Corporation created in 1933 to maintain stability and public confidence in the U.S. financial system
- ◆ Insures deposits up to \$100,000 in nearly 9,200 banks and savings associations
- ◆ Promotes safety and soundness of depository institutions
- ◆ Arranges for resolution of failed institutions



Federal Deposit Insurance Corporation

★ Organization

- ◆ Board of Directors comprised of five members from:
 - ▶ FDIC (Chairman, Vice Chair, & Director),
 - ▶ Office of the Comptroller of the Currency, and
 - ▶ Office of Thrift Supervision
- ◆ Approximately 5,300 employees with locations in 9 major cities and about 80 small field offices
- ◆ Independent Presidentially appointed IG



Federal Deposit Insurance Corporation

Mission

The FDIC contributes to stability and public confidence in the nation's financial system



Strategic Goals

- ◆ Insured depositors are protected from loss without recourse to taxpayer funding
- ◆ FDIC supervised institutions are safe and sound
- ◆ Consumers' rights are protected and FDIC supervised institutions invest in their communities
- ◆ Recovery to creditors of receiverships is achieved

Federal Deposit Insurance Corporation

★ Current Priorities

- ◆ Promote the **stability** of the financial services industry
- ◆ Develop and effectively articulate **sound policy**
- ◆ Provide good **stewardship** of the deposit insurance funds (approximately \$46 billion)



FDIC

Office of Inspector General

★ FDIC OIG Mission

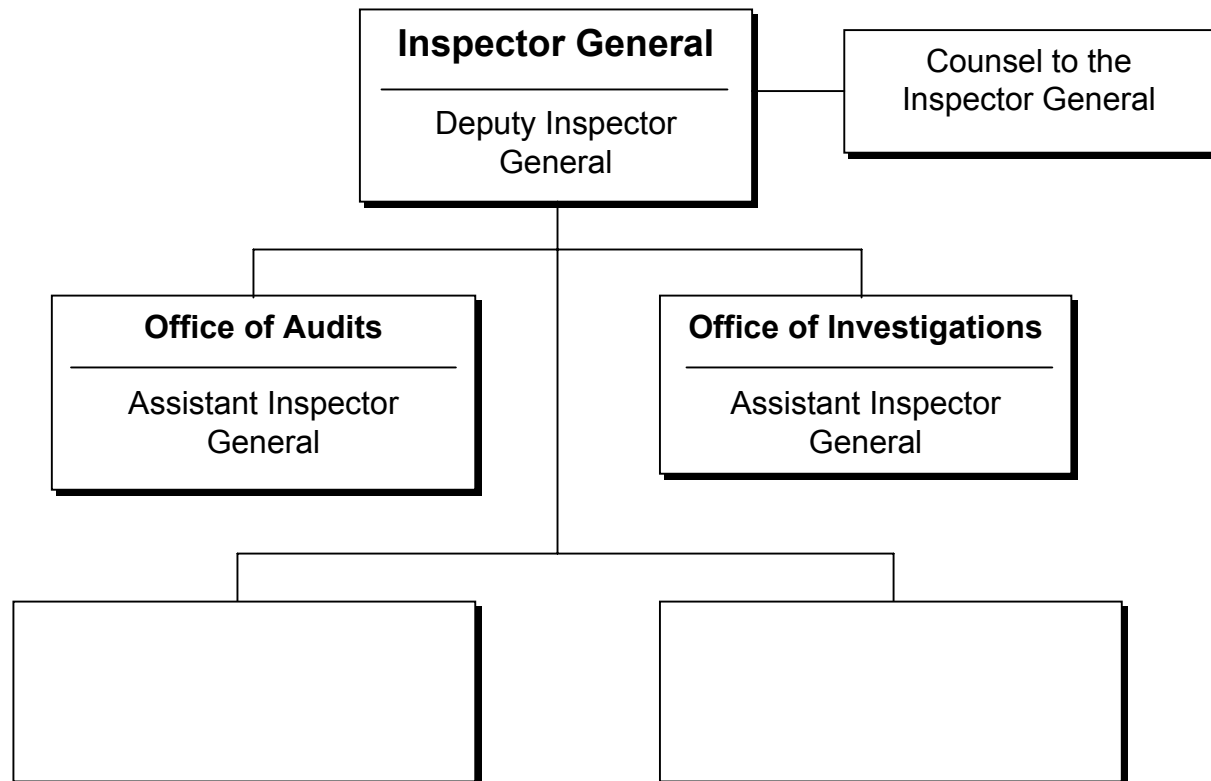
- ◆ Assist and augment the FDIC's contribution to stability and public confidence in the nation's financial system
- ◆ Promote economy, efficiency, and effectiveness of FDIC programs and operations
- ◆ Protect against fraud, waste, and abuse



FDIC

Office of Inspector General

★ Organization



FDIC

Office of Inspector General

★ Staff and Qualifications

- ◆ Fiscal year 2004 budget of \$30.7 million
- ◆ 168 staff authorized for FY 2004
- ◆ Current staff of 150 consists of:
 - ▶ 78 Auditors
 - ▶ 33 Criminal Investigators
 - ▶ 39 Attorneys, Analysts, and Administrative Staff
- ◆ Qualifications include 152 licenses and professional certifications, 141 undergraduate degrees, and 39 advanced degrees



FDIC Office of Inspector General

Relationship of 2004 FDIC and OIG

Goals and Objectives



The FDIC contributes to stability and public confidence in the nation's financial system

I. Insured depositors are protected from loss without recourse to taxpayer funding

II. FDIC-supervised institutions are safe and sound

III. Consumers' rights are protected and FDIC-supervised institutions invest in their communities

IV. Recovery to creditors of receiverships is achieved

Goals and Objectives

OIG audit, evaluation, investigation, communication, human capital, and resource management processes and activities directly support the FDIC mission and strategic goals

The OIG promotes the economy, efficiency, and effectiveness of FDIC programs and operations and protects against fraud, waste, and abuse to assist and augment the FDIC's contribution to stability and public confidence in the nation's financial system.

SG 1 Value and Impact – OIG products will add value by achieving significant impact related to addressing issues of importance to the Chairman, the Congress, and the public

SG 2 Communication and Outreach – Communications between the OIG and the Chairman, the Congress, employees, and other stakeholders will be effective

SG 3 Human Capital – The OIG will align its human resources to support the OIG mission

SG 4 Productivity – The OIG will effectively manage its resources

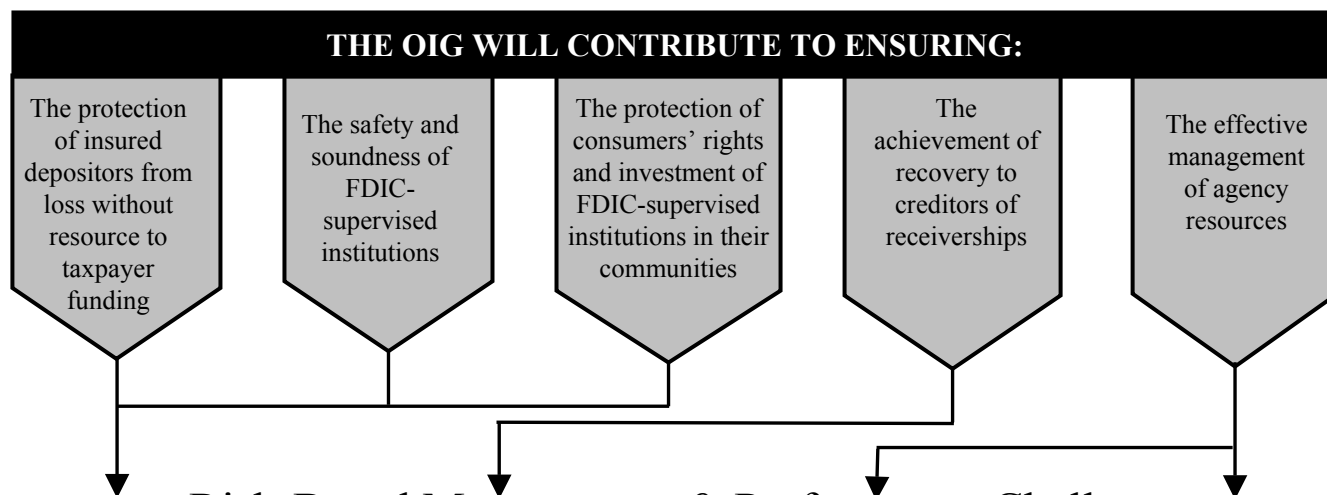
FDIC Office of Inspector General Strategic Planning Diagram



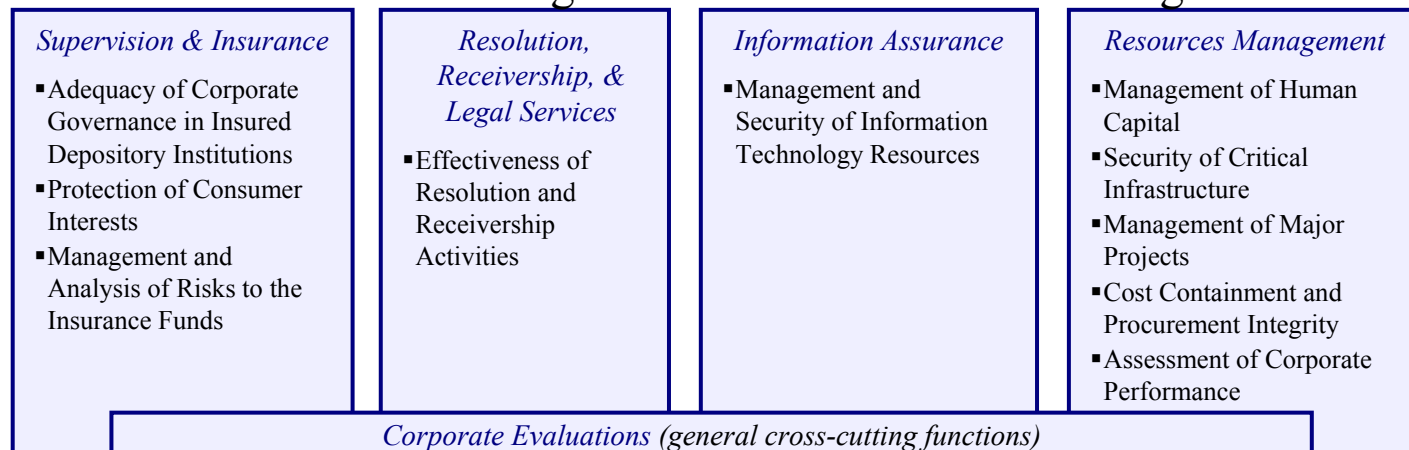
FDIC Office of Inspector General

OIG ASSIGNMENT PLANNING FRAMEWORK OFFICE OF AUDITS

OIG Strategic Objectives (Value and Impact)



Risk-Based Management & Performance Challenges



Management Requests

Program Assessments

Quick-Turnaround Reviews



FDIC

Office of Inspector General

★ FY 2003 Statistical Accomplishments Reported in Semiannual Reports to the Congress

◆ Audit/Evaluation Reports	47
◆ Potential Monetary Benefits	\$2.56 million
◆ Non-monetary Recommendations	193
◆ Investigations Closed	43
◆ Subpoenas	22
◆ Convictions	22
◆ Fines, Restitutions, Recoveries	\$94.3 million
◆ Policies, Legislation, and Regulations Reviewed	90





Questions? and Web Sites

FDIC: www.fdic.gov

FDIC OIG: www.fdic.gov/oig

Federal OIGs: www.ignet.gov

GAO: www.gao.gov

IIA: www.theiia.org

INTOSAI: www.intosai.org